

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 1 - 0 2 1

2. STATE:

CA

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2001

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: Section 1919
of the Social Security Act, Subsection
(h) (2) (F)

7. FEDERAL BUDGET IMPACT:

a. FFY 01-02 \$ 8Mb. FFY 02-03 \$ 8M

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page Number 79c

Attachment Number 4.35 H, page 1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Page Number 79c

N/A

10. SUBJECT OF AMENDMENT:

QUALITY AWARDS PROGRAM

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED: The Governor's Office
does not wish to review State Plan
amendments.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Gail L. Margolis

14. TITLE:

Deputy Director, Medical Care Services

15. DATE SUBMITTED:

8/7/01

16. RETURN TO:

Department of Health Services
Attn: State Plan Coordinator
714 P Street, Room 1640
Sacramento, CA 95814**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

August 20, 2001

18. DATE APPROVED:

October 31, 2001

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2001

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Linda Minamoto

22. TITLE: Associate Regional Administrator
Division of Medicaid

23. REMARKS:

Revision: HCFA-PH-90-2 (BPD)
JANUARY 1990

OMB No.: 0938-0193

State/Territory: California

Citation

4.35 Remedies for Skilled Nursing and Intermediate Care Facilities that Do Not Meet Requirements of Participation

1919(h)(1)
and (2)
of the Act,
P.L. 100-203
(Sec. 4213(a))

- (a) The Medicaid agency meets the requirements of section 1919(h)(2)(A) through (D) of the Act concerning remedies for skilled nursing and intermediate care facilities that do not meet one or more requirements of participation. ATTACHMENT 4.35-A describes the criteria for applying the remedies specified in section 1919(h)(2)(A)(i) through (iv) of the Act.

☐ Not applicable to intermediate care facilities; these services are not furnished under this plan.

☒ (b) The agency uses the following remedy(ies):

- (1) Denial of payment for new admissions.
- (2) Civil money penalty.
- (3) Appointment of temporary management.
- (4) In emergency cases, closure of the facility and/or transfer of residents.

1919(h)(2)(B)(ii)
of the Act

- ☒ (c) The agency establishes alternative State remedies to the specified Federal remedies (except for termination of participation). ATTACHMENT 4.35-B describes these alternative remedies and specifies the basis for their use.

1919(h)(2)(F)
of the Act

- ☒ (d) The agency uses one of the following incentive programs to reward skilled nursing or intermediate care facilities that furnish the highest quality care to Medicaid residents:

- ☒ (1) Public recognition. ATTACHMENT 4.35-C describes the incentive (Best Practices) program.
- ☒ (2) Incentive payments. ATTACHMENT 4.35-H describes the incentive (Quality Awards) Program.

**STATE PLAN UNDER TITLE XIX OF THE
SOCIAL SECURITY ACT**

State: California

Section 1919 of the Social Security Act (42 U.S.C. 1396r) provides at Subsection (h) (2) (F) that "a State may establish a program to reward, through public recognition, incentive payments, or both nursing facilities that provide the highest quality care to residents who are entitled to medical assistance under this title. For purposes of Section 1903 (a) (7), proper expenses incurred by a State in carrying out such a program shall be considered to be expenses necessary for the proper and efficient administration of the State plan under this title."

California's Health and Safety Code Section 1417.4 establishes a Quality Awards Program for nursing homes. The statute provides that "the department shall establish criteria under the program, after consultation with stakeholder groups for recognizing skilled nursing facilities that provide exemplary care to residents" and that "monetary awards shall be made to Quality Awards Program recipients that serve high proportions of Medi-Cal residents to the extent funds are appropriated each year in the annual Budget Act." These monetary awards are to be passed along to employees of the recipient facilities in the form of bonuses.

The Quality Awards Program provides monetary awards to facilities that provide the highest quality care. The Department's criteria for awards are based on a facility's actual performance. For example, facilities would only be eligible for the Quality Award if, over a specified period of time and at the time of the Award, they had received no federal deficiencies or state citations that indicate sub-standard quality of care. Monetary awards would only be available to those whose resident population contains a high proportion of Medi-Cal residents -- residents entitled to medical assistance under the State plan.

The Quality Awards Program complements the Best Practices Program, which more generally recognizes any particularly noteworthy intervention developed by a facility to improve quality of care or quality of life for skilled nursing residents.

The Quality Awards Program will operate on an annual cycle. Administration of the Program will entail establishment and ongoing refinement of selection criteria, selection of facilities for receipt of either general recognition or a monetary award (depending on the proportion of Medi-Cal recipients they serve), distribution of the Awards, and monitoring the appropriate use of monetary awards.